

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 97-444-C - ORDER NO. 98-265

APRIL 13, 1998

IN RE: Application of InVision Telecom, Inc. for)	ORDER GRANTING
Approval of an Asset Transfer and)	MOTION FOR
Application of Talton InVision, Inc. for a)	EXPEDITED REVIEW,
Certificate of Public Convenience and)	APPROVING ASSET
Necessity to Continue to Provide Inmate Pay)	TRANSFER, AND
Telephone and Related Services.)	GRANTING
)	CERTIFICATE

This matter comes before the Public Service Commission of South Carolina ("the Commission") on the Application of InVision Telecom, Inc. ("InVision") and Talton InVision, Inc. ("Talton") (hereafter jointly referred to as the "Applicants") and the Motion for Expedited Review of Application filed by InVision and Talton. The Application seeks approval of an asset transfer from InVision to Talton and approval of a Certificate of Public Convenience and Necessity pursuant to which Talton may provide inmate pay telephone service and related services to jail facilities in South Carolina. The Motion for Expedited Review of Application seeks approval of the Application without the necessity of a formal hearing.

InVision is a Georgia corporation which is authorized by this Commission to provide pay telephone services and inmate telephone services in South Carolina. Talton is a Delaware corporation which is authorized by the South Carolina Secretary of State to transact business in the State of South Carolina as a foreign corporation.

By letter dated November 24, 1997, the Commission's Executive Director instructed the Applicants to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to provide notice of the Application to any interested parties and to advise interested parties of the manner and time in which to file pleadings to participate in the Docket. The Applicants filed Affidavits of Publication as proof that they had complied with the instructions of the Executive Director. No Petitions to Intervene or letters of protest were received by the Commission with regard to the instant Application.

MOTION FOR EXPEDITED REVIEW

Thereafter, the Applicants filed their Motion for Expedited Review of Application. By their motion, the Applicants state that they waive their right to a formal hearing as there is no disputed material issue of fact and assert that procedural due process requirements are satisfied in the instant Docket as notice and an opportunity for a hearing have been provided. The Applicants assert that the opportunity to present written evidence is sufficient to provide procedural due process required under the South Carolina Administrative Procedures Act ("APA"). Further, the Applicants assert that as no interested persons have requested intervention in the Docket that a formal hearing is not necessary. The Applicants request that the Commission dispose of this matter without requiring a formal hearing and request that the Commission consider this matter upon the Application and verified testimony submitted by the Applicants.

Upon consideration of the Applicants' Motion, the Commission is of the opinion and so finds that the formal hearing in this matter should be waived and that expedited

review of the application should be granted. The Commission finds that notice of the Application was properly afforded to the public and that no interested person sought to become a party to the proceeding. The Commission finds that procedural due process was afforded in this matter and further finds that the Applicants make a knowing waiver of a formal hearing. Therefore, the Commission will consider the Application in the context of its regularly scheduled weekly meeting, with court reporter present, and for purposes of the expedited review, the Commission will deem the examination of the Application and verified testimony during the course of the Commission's regularly scheduled meeting with court reporter present as a hearing on this matter.

EXAMINATION OF THE APPLICATION AND VERIFIED TESTIMONY

By the Application, the Applicants request (1) approval of an asset transfer from InVision to Talton and (2) the granting of a Certificate of Public Convenience and Necessity to Talton pursuant to which Talton may provide inmate pay telephone service and related services to jail facilities in South Carolina. In support of the Application, the Applicants filed the verified testimony of John R. Summers, Vice President/Secretary/Treasurer of Talton.

With regard to the asset transfer, the Applicants state that pursuant to an Asset Purchase Agreement negotiated by the Applicants, Talton has agreed to acquire the assets of InVision. InVision was previously authorized by this Commission to provide pay telephone services as well as inmate telephone services. See, Commission Order No. 96-412, dated June 17, 1996, in Docket No. 85-150-C and Order No. 96-262, dated June 17,

1996, in Docket No. 95-1120-C. Mr. Summers stated that Talton will acquire InVision's inmate pay telephone assets in South Carolina.

With regard to Talton's request for the issuance of a Certificate of Public Convenience and Necessity to allow Talton to provide inmate telephone services in South Carolina, Talton offers that it possesses the technological, financial, and managerial resources to provide the services for which it seeks authority. By its Application, Talton offers that it possesses the financial resources necessary to successfully provide these services for which it seeks authority. The financial documentation provided reveals that Talton is a wholly owned subsidiary of Talton Holdings, Inc. and that as of December 31, 1996, Talton Holdings, Inc. had total assets of over eighty million dollars. A review of Talton's key management personnel reveals personnel with experience in the telecommunications industry, investment banking, administration and finance, accounting, sales, marketing, finance, and network and system development. Additionally, Mr. Summers stated that Talton personnel possess the requisite experience to provide quality services in South Carolina. Mr. Summers also stated that the public would benefit by Talton's provision of services in South Carolina because InVision's current customers would continue to receive quality service from Talton. Mr. Summers further offered that Talton's service would likely promote other providers to become more efficient and to introduce service innovations of their own in order to compete effectively in the market.

Upon review and consideration of the Application, the verified testimony of Mr. Summers, and the applicable law, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. InVision is a Georgia corporation certified by this Commission to operate as a pay telephone provider and provider of inmate telephone services in South Carolina pursuant to Order No. 96-412, dated June 17, 1996, in Docket No. 85-150-C and Order No. 96-262, dated June 17, 1996, in Docket No. 95-1120-C.

2. Talton is a Delaware corporation and is authorized to transact business in South Carolina by the South Carolina Secretary of State.

3. InVision and Talton wish for Talton to acquire InVision's inmate pay telephone assets in South Carolina.

4. InVision and Talton have entered into an Asset Purchase Agreement in which Talton has agreed to acquire the assets of InVision.

5. Upon approval by the Commission, InVision's inmate pay telephone assets in South Carolina will be transferred from InVision to Talton.

6. Talton has the technological, financial, and managerial resources to provide the services for which it seeks authority, namely the provision of inmate pay telephone services.

7. Upon closing of this transaction, Talton will provide inmate telecommunications services utilizing the former assets of InVision.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission hereby determines that the transfer of assets from InVision to Talton is in the public interest, and therefore, the Commission approves the requested asset transfer as described in the Application.

2. The Commission also determines that a Certificate of Public Convenience and Necessity should be granted to Talton to provide inmate telecommunications services to jails and correctional facilities located in South Carolina.

3. The Commission adopts a rate design for Talton for its resale services which include only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. Talton shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Talton shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed

increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1997).

5. If it has not already done so by the date of issuance of this Order, Talton shall file its revised maximum tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. Talton shall file with the Commission surveillance reports on a calendar or fiscal year basis as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A, which is attached hereto.

7. With regard to the provision of inmate calling service for local and intraLATA calling, Talton shall not charge rates any greater than the rates charged by the local exchange company at the time a call is placed. For interLATA calling, Talton shall not charge operator charges greater than AT&T's operator charges and shall not charge usage charges that are greater than AT&T's operator station usage rates at the time the call is placed. Additionally, automated collect calls shall be completed only upon affirmative acceptance by the called party. Also, Talton shall not impose any subscriber surcharges on calls originating from inmate or correctional facilities.

8. For inmate calling service, call detail information submitted to the local exchange company for billing purposes must include the PSP access line telephone number as assigned to the line by the local exchange company. Further, as Talton is

acquiring the assets of InVision, Talton will be providing the equipment in certain confinement facilities. Where Talton is providing the equipment in confinement facilities, Talton shall be granted a waiver of all Commission PSP (formerly known as COCOT) guidelines which are inconsistent with the provision of inmate telephone services, including

- (a) allowance of special blocking features to control fraud and harassment of members of the public by inmates;
- (b) allowing only automated collect calls;
- (c) blocking of calls to specific numbers;
- (d) allowance of certain calls free of charge;
- (e) limitation of duration of call;
- (f) prohibition of access to live operators, carrier of choice, and directory assistance;
- (g) exemption from providing access to outside emergency services, but the system should be configured to allow inmates to report emergencies to authorities within the facilities;
- (h) waiver of posting and operator disclosure requirements; and
- (i) waiver of the rule requiring local and intraLATA calls be routed to the local exchange company's operator.

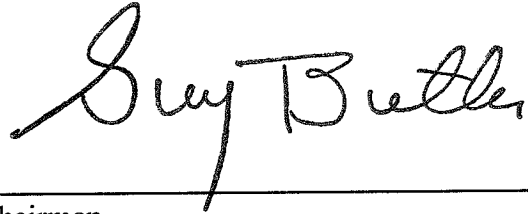
Other than those guidelines specifically enumerated above for which a waiver is granted, Talton shall comply with all other PSP guidelines, including reporting requirements, as adopted by this Commission.

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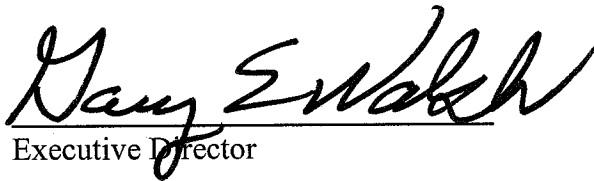
9. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

A handwritten signature in cursive script, reading "Guy Butler".

Chairman

ATTEST:

A handwritten signature in cursive script, reading "Gary E. Walsh".

Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING

- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE